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**3) Prime Minister's Official Residence (Kantei)**

Prime Minister's schedule, Oct. 25 & 26

October 26

Oct. 25

Morning Met Indonesian President Yudhoyono at a hotel in Hua Hin. Attended the East Asia Summit. Later attended a working lunch of the East Asia Summit.

Afternoon Departed from Hua Hin Airport by a chartered plane. Gave an interview to media agencies at Don Muang Airport. Departed from the airport by government plane.

23:20 Arrived at Haneda Airport.

Oct. 26

00:08 Arrived at his private residence.

4) SDP's Fukushima opposed to Henoko plan

NIKKEI (Page 3) (Full)  
Eve., October 24, 2009

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State Minister for Consumer Affairs and Declining Birthrate Mizuho Fukushima, who heads the Social Democratic Party, one of the ruling Democratic Party of Japan's two coalition partners, has indicated that she is opposed to the current plan to relocate the U.S. Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture, to Henoko in the island prefecture's northern coastal city of Nago. "I think the opinion of the people of Okinawa Prefecture is against the construction of the new base off Henoko," Fukushima said in a TBS TV program aired this morning. "If the base is constructed there, it will create serious problems throughout history," she added.

5) U.S. military top brass calls Futenma relocation to Nago "absolutely necessary"

YOMIURI (Page 1) (Full)  
October 24, 2009

Visiting U.S. Joint Chiefs of Staff Chairman Michael Mullen held a press conference yesterday at the U.S. Embassy in Tokyo, during which he said the planned relocation of the U.S. Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture, to the island prefecture's northern coastal city of Nago is an "absolutely necessary condition." He added, "Without it, I don't think we can provide Japan and the region with security and defense support." The U.S. military top brass officer even brought up Japan's security as he urged Japan to carry out the bilateral agreement on the current relocation plan at an early date, demonstrating the U.S. government's resolute stance.

Mullen pointed out that U.S. force realignment plans, such as moving Okinawa-based U.S. Marines to Guam, are also connected to budget compilation by the Japanese and U.S. governments. "We should make a decision as soon as possible," Mullen said. He confirmed that Secretary of Defense Gates asked the Japanese government to have the issue settled "before President Obama's visit to Japan (in mid-November.)"

Meanwhile, there are calls from within the ruling Democratic Party of Japan for moving Futenma airfield out of Okinawa Prefecture. In this regard, Mullen clarified his opposition to that idea. "Relocation to any other place (than Okinawa Prefecture) will damage our security support to Japan and the region."

6) PM Hatoyama says Futenma decision before President Obama's visit not necessary

TOKYO SHIMBUN (Top play) (Abridged)  
October 25, 2009

Katsumi Sekiguchi in Hua Hin, central Thailand

Prime Minister Yukio Hatoyama held an informal meeting with reporters accompanying him on his trip to Thailand (to attend the ASEAN Summit) on the evening of Oct. 24. Discussing the relocation of the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa), he said: "I will be the one to make the final decision. We will

study all the options and make a decision at an appropriate time." He indicated that he will make a political decision after consulting with Foreign Minister Katsuya Okada, Defense Minister Toshimi Kitazawa, and other cabinet ministers in charge.

The U.S. is strongly demanding the relocation of the Futenma base to

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the coastal area of the U.S. forces' Camp Schwab (in Nago City) in accordance with the existing agreement between the two countries. Okada had indicated on Oct. 23 that the options of relocating the base out of Okinawa or out of Japan should be abandoned.

Hatoyama indicated at the meeting with reporters that he will not focus solely on the timing of U.S. President Barack Obama's visit to Japan from Nov. 12, and intends to spend more time studying other relocation sites for the Futenma base. However, it is unclear if this will be acceptable to the U.S. side.

7) Okada says moving Futenma outside Okinawa is inconceivable, studying Kadena consolidation option

TOKYO SHIMBUN (Top play) (Excerpts)  
October 24, 2009

In a news conference on Oct. 23, Foreign Minister Katsuya Okada said regarding the issue of relocating the U.S. Marine Corps' Futenma Air Station (in Ginowan, Okinawa Prefecture), "In view of the current dangerous situation of Futenma, we cannot afford to take time, so moving it outside the prefecture is inconceivable," indicating that the Hatoyama administration should give up its plan to move Futenma outside the prefecture/country. Okada also presented a policy direction to merge Futenma with Kadena Air Base (in Kadena, Okinawa), raising doubts about the current plan to build an alternative facility on the coastal area of Camp Schwab (in Nago in the prefecture) by saying, "(Even if the envisaged alternative facility is moved further offshore than the planned site), the landfill area will increase."

Call for Prime Minister's swift decision

Commentary

Foreign Minister Okada urged the government to give up its plan to move Futenma Air Station outside Okinawa/Japan and presented an option instead to merge Futenma with Kadena Air Base in a bid to elicit a swift decision from Prime Minister Hatoyama, who has been inclined toward postponing a conclusion.

The Prime Minister has openly indicated that he will aim at moving Futenma out of Okinawa. However, the prevailing view in the government is that there is no chance for realizing such a plan swiftly. Given the situation, the Prime Minister has come up with a "package strategy" to put off the Futenma issue in exchange for presenting new Afghan aid measures.

The Prime Minister has been set on sticking to this strategy although he was pressed for the swift implementation of the existing plan by U.S. Secretary of Defense Robert Gates and even plans to do so during the visit to Japan by President Barack Obama in November.

Okada has concluded that even if the government somehow muddles through the Obama visit, the more Hatoyama postpones its conclusion, the more Washington will cling to the existing plan. Okada brought up the Kadena integration plan, which he has long been nursing, in the knowledge that he would be criticized for going behind the back of the Prime Minister. In 2008, the Democratic Party of Japan unveiled what is called the "Okinawa Vision" specifying a plan to move Futenma Air Station out of Okinawa/Japan. In its manifesto for the latest House of Representatives election, the DPJ simply pledged

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that it would move "in the direction of reexamining the existing plan." Okada judged that the Kadena integration plan would still be

within the bounds of the DPJ pledge.

8) Government likely to accept plan to relocate Futenma to Henoko; Prime Minister to make decision before year's end

ASAHI (Top play) (Excerpts)  
October 24, 2009

Prime Minister Yukio Hatoyama indicated on Oct. 23 that he will make a decision before year's end on the relocation site for the U.S. Marine Corps' Futenma Air Station (in Ginowan, Okinawa Prefecture). Foreign Minister Katsuya Okada announced on the same day the intention to give up a plan to move Futenma outside Okinawa. It is difficult to look for alternative sites other than Henoko in Nago, Okinawa Prefecture -- the site agreed upon between Tokyo and Washington in 2006 -- by the end of the year. Chances have increased for the government to accept the existing plan or a slightly modified version of it.

At a news conference, Okada referred to the option of integrating the Futenma functions with Kadena Air Base (in Kadena in the prefecture). But given Washington's negative view of this option and local opposition, chances are slim that such a plan will materialize.

9) East Asia Summit statement calls for intergovernmental talks on wide-area FTAs

NIKKEI (Top play) (Lead para.)  
October 26, 2009

Masanori Yamaguchi, Hua Hin, Thailand

Sixteen nations, including the Association of the Southeast Asian Nations (ASEAN), Japan, China and South Korea, on Oct. 25 held an East Asia summit in Hua Hin, Thailand. Participating countries agreed to discuss two broad-based FTA initiatives - an East Asian free trade agreement (EAFTA) with ASEAN, Japan, China and South Korea as members, and a comprehensive economic partnership in East Asia (CEPEA) participated in by all 16 nations - in parallel. They issued a chairman's statement which also noted their affirmation of the importance of Prime Minister Yukio Hatoyama's initiative for an East Asian Community.

10) Japanese, Chinese, South Korean economic ministers agree to launch joint FTA study by industry, government, academia next year

NIKKEI (Page 3) (Full)  
October 26, 2009

Toru Shimoharaguchi, Hua Hin, Thailand

The economic ministers of Japan, China and South Korea met on Oct. 25 and formally agreed to launch a joint study on a free trade agreement involving government, industry and academia early next year. FTA research has thus far been conducted on the private sector-level. However, the three countries have decided to involve their governments as well in order to accelerate efforts to lay the groundwork for the materialization of a Japan-China-South Korea FTA.

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According to a joint statement, they will set up a joint research council by the time a trilateral summit is held in South Korea probably during the first half of next year. A senior government official-level preparatory meeting will be organized at an early date to discuss how to push forward the envisaged joint research.

11) Government, Aomori governor agree to continue nuclear fuel cycle policy

NIKKEI (Page 5) (Excerpts)  
October 24, 2009

Aomori Governor Shingo Mimura called on Chief Cabinet Secretary

Hirofumi Hirano, Education, Culture, Sports and S&T Minister Tatsuo Kawabata, and Economy, Trade and Industry Minister Masayuki Naoshima yesterday and asked them to continue the nation's nuclear fuel cycle policy, including the plutonium-thermal energy project to reprocess used nuclear fuel. Hirano indicated willingness to continue the previous government's policy, remarking: "The government has recognized that the policy was agreed on between the central government and the citizens of Aomori Prefecture."

12) East Asia Community to involve U.S. as well: Premier announces his initiative at ASEAN-Japan-China-South Korea summit

Nikkei (Page 1) (Excerpts)  
October 25, 2009

Osamu Sato, Hua Hin, Thailand

The Association of Southeast Asian Nations (ASEAN), Japan, China and South Korea on Oct. 24 held a summit in Hua Hin, Thailand. Prime Minister Yukio Hatoyama sought understanding of his initiative for an East Asian Community. He also underscored the need for U.S. involvement in the initiative, stressing his intention to make Japan-U.S. relations the basis of Japan's diplomacy. Participating countries agreed to make the currency swap agreement a multinational framework before year's end. They also vowed to strengthen ties for economic stabilization and development.

The prime minister called for support for his East Asian Community initiative, noting, "I would like to promote the initiative, based on the notion that it is for open regional cooperation." As for specifics of the initiative, he explained, "ASEAN is at the center. The building of the framework will move ahead along with the development of the East Asian summit, involving ASEAN, Japan, China, South Korea, and the ASEAN community."

At a time of strain in Japan-U.S. relations over U.S. Forces Japan realignment, there is concern among U.S. government officials that the prime minister's initiative for an East Asian Community could lead to the exclusion of the U.S. from the framework.

13) U.S. reportedly asked Japan to allow the provision of SM-3 Block 2A intercept missiles to third countries

TOKYO SHIMBUN (Page 2) (Slightly abridged)  
October 24, 2009

It was learned that at his meeting with Defense Minister Toshimi Kitazawa on Oct. 21, U.S. Secretary of Defense Robert Gates had

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asked Japan to take steps to enable the SM-3 Block 2A sea-based intercept missiles jointly developed by the Japanese and U.S. governments for missile defense (MD) to be provided to Europe and other third countries. This was revealed on Oct. 23 by several sources familiar with Japan-U.S. diplomacy.

This was a move made in light of the U.S. government's announcement last month on the discontinuation of the deployment of a MD facility in East Europe, which was strongly opposed by Russia, and the reinforcement of a MD network utilizing sea-based weapons for dealing with mid-range missiles. This measure may lead to the relaxation of the three principles on arms exports, and opposition is expected from Democratic Party of Japan (DPJ) members who were formerly members of the (defunct) Japan Socialist Party and from the Social Democratic Party (SDP), the DPJ's coalition partner.

Gates asked for the relaxation of Japan's export policy. Kitazawa did not give an answer, telling him: "This is a domestic issue. We will discuss this inside the government." However, the U.S. plans to deploy Block 2A from 2018, and the dominant view in the ministries of foreign affairs and defense is that it will be difficult for Japan to refuse to provide Block 2A to third countries. The United States wants to get an answer from Japan by 2010, intending to supply SM-2 Block 2A to Germany and other European countries. The Hatoyama administration will likely face a tough decision.

14) DPJ wins two Upper House by-elections

ASAHI (Top play) (Excerpts)  
October 26, 2009

First-time candidates backed by the Democratic Party of Japan (DPJ) scored victories in two House of Councillors by-elections held yesterday for a seat each in Kanagawa and Shizuoka prefectures. The party maintained its strength in the first national election since its landslide victory in the last House of Representatives election. Voter turnout stood at 28.67 PERCENT in Kanagawa and 35.64 PERCENT in Shizuoka.

The numbers of seats held by parliamentary groups after the by-elections are: 120 seats for the DPJ, Shinrokufukai, People's New Party, Nihon group; 85 for the Liberal Democratic Party and the Reform Club; 21 for the New Komeito; seven for the Japanese Communist Party; five for the Social Democratic Party and the constitution-protection group.

Yoichi Kaneko, 47, elected in Kanagawa Prefecture: Works at the Cabinet Office and the OECD Paris Headquarters after serving as a part-time lecturer at Aoyama Gakuin University; graduated from the University of Tokyo.

Hirokazu Tsuchida, 59, elected in Shizuoka Prefecture: Is a doctor and serves as president of a medical corporation and of a social welfare corporation; graduated from Kansai Medical University

15) Extraordinary Diet session convenes today

NIKKEI (Page 2) (Abridged)  
October 26, 2009

The extraordinary Diet session will be convened today, kicking off the first debate between ruling and opposition parties since the

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inauguration of the Hatoyama administration. This session is scheduled to last for 36 days until Nov. 30. The government and the ruling parties are giving top priority to compiling the FY2010 budget before the end of this year and have narrowed down the number of bills to be submitted to the Diet to 12, including a bill on measures to deal with the new influenza epidemic. The goal is to have all the bills passed, but it is possible that the Diet session may be extended depending on how the opposition parties handle Diet deliberations.

16) Gist of PM Hatoyama's remarks at informal meeting with reporters on October 24

NIKKEI (Page 5) (Excerpts)  
October 25, 2009

Following is the gist of Prime Minister Yukio Hatoyama's remarks at an informal meeting with reporters accompanying him on his trip to Thailand (to attend the ASEAN Summit) on Oct. 24:

Futenma

I will be the one to make the final decision. We will make various efforts to arrive at a conclusion, and I will make the decision. (Although the foreign minister has said that relocation out of Okinawa will be difficult), this does not mean that such an option no longer exists. There are different options. The feelings of the people of Okinawa need to be respected. We are looking for new options in consideration of such feelings. I will make the decision at an appropriate time.

It will take some time (to arrive at a conclusion), and at this point, it is not possible to do so immediately. I do not think we need to rush a decision in time for President Obama's visit.

Japan-U.S. alliance

Japan will continue to value the Japan-U.S. alliance and the

bilateral security treaty. On the other hand, Japan has become too dependent on the United States and has lost its capacity for independent thinking.

East Asian community

We have no intention of excluding the U.S. or any other country. We would like to give emphasis to a body founded on the cooperation of the East Asian countries. I am not thinking of a rigid organization with a fixed idea of which countries should be members and which should not.

ROOS